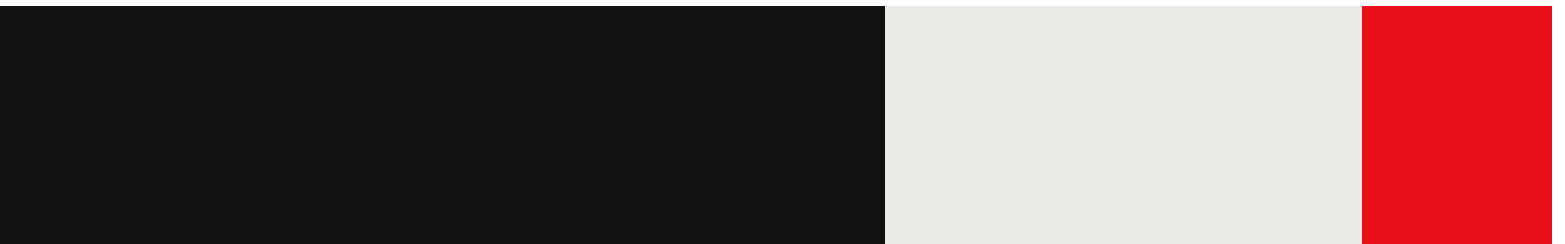


3 CTV ad challenges: Addressing fragmentation, subscriber preferences, and measurement hurdles

Article



The number of streaming services with at least \$1 billion in US [connected TV \(CTV\)](#) ad revenue is set to quadruple from 2020 to 2026, per our March 2024 forecast. The boom isn't without its growing pains, though, as laid out in our [CTV Opportunity report](#). Advertisers still need to face confusion with fragmentation, unreachable audiences who pay for ad-free streaming, and problems with campaign measurement.

1. Advertisers have to navigate a fragmented streaming landscape

“On paper, it is easy for advertisers to chart out where they will hit the specific viewers they want to hit. But executing is difficult,” our analyst Ross Benes said. “The platforms they plan to use might not have enough inventory for the specific audience they want, or there may be frequency problems due to audience overlap with other streaming services.”

Frustrating audiences with the same message can also hurt sales. Viewers who see the same ad too often are 16% less likely to experience purchase intent, according to a February 2024 report by MiQ.

“Even when the viewer is seeing ads, the ads may be sold by an array of different companies that don't communicate with each other. Extrapolated across millions of people, this becomes very confusing,” Benes said. Inventory for a single CTV service can have as many as 114 different supply paths, the same report found.

Solution: CTV advertisers who buy from both streaming services directly and external demand-side platforms (DSPs) can use exclusion lists to ensure they aren't paying twice to reach the same audience. Inclusion lists can be used in reverse, to focus buys on streaming services that you don't have direct deals with.

2. Most streaming subscribers are not on ad tiers

In Q1 2024, only 38% of US premium video-on-demand (VOD) subscriptions were ad supported, up from 31% in Q2 2023, per a June 2024 report by Antenna. However, ad-supported tiers have accounted for a growing number of gross new subscriptions.

“Subscription streaming viewers are choosing ad tiers at higher rates than ever before, and will continue to do so to save money,” Benes said. Streaming services are increasingly rolling out promotions and discounts to drive ad-supported sign-ups—serving nearly half (49%) of

subscription video-on-demand (SVOD) subscribers who view them as a good way to save money, per Circana.

“There will still be a big contingent, probably a third of viewers or more, who will opt to pay more to avoid ads though,” Benes said.

Solution: “Advertisers need to consider how the ad-free and ad-supported audience sizes stack up to each other for a given service,” Benes said. For example, even though [Netflix](#) claims the largest share of average time spent per day with subscription OTT—at 35 minutes (0:35) per day, per our June 2024 forecast—it has the lowest penetration of ad-supported viewers compared with other streaming platforms.

3. Ad buyers face barriers in measurement of CTV campaigns

Seventy percent of US agency and marketing professionals say that co-viewing is an issue when it comes to their ability to [measure](#) the effectiveness of their campaigns, per a July 2024 report by the Interactive Advertising Bureau. “People’s attention is very divided even when they are watching a show,” Benes said; more than three-quarters (77.2%) of the US population are second-screen users, according to our February 2024 forecast.

Placement transparency and brand safety and suitability are the next biggest challenges to campaign measurement. “It is difficult to know what programming your ad will appear against if you are buying through a DSP, which may provide data on genre, but it won’t drill down to the individual program usually,” Benes said.

Solution: Advertisers will get the most control when buying directly from a streaming service, Benes said. Yet, the biggest discounts and easiest ways to scale are to buy through external DSPs, operating systems, or original equipment manufacturers, such as Roku, [Amazon](#) Fire or Vizio.

Diversifying CTV ad dollars not only helps manage frequency, but also allows advertisers to reach potential viewers by expanding their presence across more programs.

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